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Security Information
CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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5. It is believed that the total annual profits from organized crime are at least as large as those of any economic activity in the Philippines. The total amount of protection money paid to Philippine officials by various rackets may be estimated conservatively at several million dollars annually. As evidence of the extent of protection payments to Government officials, it is noteworthy that Philippine police officers frequently serve without pay or pay more for their positions than the nominal salary which they receive, although they are able to recover this money and earn a substantial additional income from funds received for protecting criminals.
6. Following the deportation of CO Pak, former Manila underworld leader, to Taiwan in February 1951, a realignment of power has taken place among the leaders of criminal gangs, with the result that TING has acquired increased influence.
7. When CO Pak was interrogated by Philippine Military Intelligence Service (MIS) officials prior to his deportation, he revealed that TING was associated in criminal activities with House Speaker Eugenio Perez, and that their relationship was virtually that of a business partnership.⁴ However, because TING has rivals for control of various gangs, and in order to reinforce his position, he is frequently obliged to demonstrate to his subordinates that he is able to protect them.
8. TING has been engaged in smuggling Chinese Communists into the Philippines by means of a smuggling enterprise with which Perez is directly connected as an active secret partner. Perez probably is aware that TING was assisting in the entry of Chinese Communists.
9. The position of Antonio Cruz in Manila Chinese criminal circles is such that he is an important person to TING. Thus, when Cruz' employees, CO, CHENG, and CUA, were arrested during late 1951 by the MIS and threatened with deportation, the TING-Perez alignment found it necessary to exert every effort to have the prisoners released in order to demonstrate their ability to provide protection when it was needed.⁵
10. Senators Mariano Cuenco, Macario Peralta, and former Secretary of Justice Jose Bengzon intervened in this case as political associates of Perez and as recipients of pay-off money. Major General Calixto Duque, Chief of Staff of the Armed Forces of the Philippines (AFP), has supported Perez in the latter's opposition to Defense Secretary Ramon Magsaysay, since Duque also has received gifts from persons whom he knew to be criminals. Colonel Carmelo Z. Barbero, G-1 of the AFP, who also supports Duque in opposition to Magsaysay, has received gifts from De La Pena,⁶ whom he knows to be an extortionist and a racketeer.
11. Because of the complications which have developed in the case of these three gangsters, with indications of links with Philippine politics and with organized crime, the fact that these men have been charged with Communist activities by MIS officials has been overshadowed. Although the nature of these alleged activities has not been described in detail by MIS officials, it has been established that they included collection of funds for the HMB.
12. Recently acquired information has indicated that a considerable part of the Chinese Communist Party apparatus in the Philippines is concealed within the framework of organized crime. CO, CHENG, and CUA are former members of the wartime Hua Chih guerrilla organization, as are many other Manila Chinese who are now active as gangsters.
13. As a result of their association with and participation in organized crime, active Chinese Communists gain a high degree of protection. In addition to providing extremely safe cover for Party activities, these illegal enterprises provide virtually unlimited funds for communist activities.

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14. The highest echelon of the Chinese Communist Party in the Philippines, which has continued to evade identification or detection, may be physically located in a Chinese-owned and operated Manila brothel, gambling house, or other business.
15. It cannot be determined if any of the leading Philippine Government officials who are implicated in the case of CO, CHENG, and CUA are aware of the link between the Chinese Communist Party and organized crime, or if they are aware of such links, to what extent they wish to ignore this situation. MIS officials have stated that Duque is aware that CO, CHENG, and CUA have engaged in Communist activities.

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This report is considered extremely significant for its description of the relations between organized crime, ranking Philippine officials, and the exploitation of this situation by the Chinese Communist Party in the Philippines. Other recent reports also have indicated that a greater number of prominent Manila Chinese are involved in this complex than had been concluded previously, and that the Communist infiltration of Philippine Government agencies which is based on this complex is probably very extensive.

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